

Exhibit B

US - Vacations and Holidays

- Vacations
- Holidays
- Personal Holidays

VACATIONS

If you are a regular status associate, you earn an annual vacation allowance that depends on your length of service, hours worked and your position. If you are a part-time limited associate, you are not eligible for paid vacation. If your employment with Eddie Bauer ends, you will be paid for unused accrued vacation.

Accrual

The following table shows the vacation allowance that applies to you. If you are a regular nonexempt associate, your vacation allowance is based on the number of hours you work in each pay period, as well as on your length of service as a regular associate.

Limits

You may accrue vacation up to a maximum of two times your annual vacation allowance. For example, if your annual vacation allowance is two weeks, and you have accrued four weeks, you have reached your accrual limit. Once you take vacation, and your accrued vacation balance falls below the maximum, you may again accrue additional vacation time.

Vacation Accrual Rate Per Pay Period	
Regular Status (Full Time)	
Up to 5 years	3.077 hours (10 days/year)
From 5 to 15 years	4.612 hours (15 days/year)
Over 15 years	6.154 hours (20 days/year)
Officers, Directors and Managers*	
Up to 5 years	4.612 hours (15 days/year)
From 5 to 15 years	6.154 hours (20 days/year)
Over 15 years	6.154 hours (20 days/year)

* At Retail stores, "Manager" is defined as Store Manager only. Co-Managers and Assistant Managers are "Regular Status".

Part-Time and Nonexempt Associates

Regular hourly status nonexempt and part-time regular exempt associates who work fewer than 80 hours per pay period will earn a vacation allowance that is prorated by the ratio of their hours worked in a pay period to 80 hours.

For example, suppose you have one year of service and you worked 42 hours in your most recent pay period. For that pay period, you will earn a vacation allowance of 1.615 vacation hours. Here is how the allowance is calculated:

$$42/80 \text{ hours} \times 3.077 \text{ hours} = 1.615 \text{ hours}$$

Using and Scheduling Vacations

You may take your accrued vacation hours at any time, provided your request is approved in advance by your supervisor. Vacations will not be scheduled during peak

periods. Vacation pay will not exceed vacation balance. Vacation hours used in excess of accrual will not be paid.

If a paid holiday falls during the time you are taking vacation, the holiday will not count as vacation time.

Exempt associates must use vacation pay in full-day increments.

Nonexempt associates may use vacation hours in quarter hour increments.

HOLIDAYS

Eddie Bauer provides regular status associates with 11 paid company holidays per year.

This includes seven nationally recognized holidays and 4 personal holidays.

Following are the holidays Eddie Bauer observes:

- New Year's Day
- Martin Luther King, Jr. Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day
- Four Personal Holidays

Exempt & Nonexempt Salaried Associates:

- Full-time exempt and nonexempt salaried associates will receive holiday pay at their straight-time rate for a full working day up to a maximum eight hours, (except in Rhode Island and Massachusetts where state law dictates otherwise).
- Exempt and nonexempt salaried associates should be scheduled for the holiday the week immediately before, during, or immediately after the holiday. If the management staffing situation does not allow this, the holiday must be taken within 60 days or it will be forfeited.
- There is a one month waiting period from the date of hire before a personal day can be used.

Nonexempt Hourly Associates:

- Full-time Regular status nonexempt associates will receive 8 hours of holiday pay.
- Part-time Regular status associates will receive holiday pay based on the average number of hours worked during the previous four weeks (see calculation below). Stores should NOT enter benefit time for associates into Time & Attendance. Payroll will automatically pay the appropriate amount of hours to these associates.
- Part-time limited associates are not eligible for holiday pay.
- There is a one month waiting period from the date of hire before a personal day can be used.

Formula for calculating Holiday hours:

[(Sum of total hours worked during the previous 4 weeks) divided by 4] then divided by 5 = Holiday Hours

Example:

An associate works 35 hours per week during the 4 weeks prior to a holiday. They would receive 7 holiday hours.

$$[(35+35+35+35)/4] / 5 = 7 \text{ holiday hours}$$

To receive pay for a holiday, you may not be absent without authorization on the working day before the holiday or the working day after.

If you are Required to work on a Company-observed Holiday:

- **Nonexempt Hourly**
A nonexempt hourly associate will be paid for the hours worked, plus the holiday pay to which she or he would otherwise be entitled, up to eight hours (except in Rhode Island and Massachusetts, where state law dictates otherwise). In Massachusetts and Rhode Island, nonexempt hourly associates are paid time and a half for any time worked on holidays (specified by the state statute), which is excluded in the calculation of overtime.
- **Exempt & Nonexempt Salaried Management**
If you are required to work on a company observed holiday, you will be paid for the hours worked at regular pay and scheduled to take the holiday the week immediately before, during, or after the actual holiday. If the management staffing does not allow this, the holiday must be taken within 60 days or it will be forfeited.

PERSONAL HOLIDAYS

Personal holidays are allocated to associates at the beginning of each year. Full-time associates receive an allocation of 32 hours (representing 4 personal holidays, 8 hours for each day). Part-time associates receive an allocation of 16 hours (representing 4 personal holidays at 4 hours for each day). This allocation does not change for associates working part-time or variable schedules. Personal holidays do not carry over to the next year and if unused will be forfeited and unpaid.

Associates hired during the course of the year are eligible for four personal holidays, depending upon their date of hire. Unused personal holidays/hours for associates rehired within the same year will be reviewed.

Note: Hours reported to payroll in excess of the annual allocation will be docked from an associate's paycheck. Any corrections will occur on the next normal payroll cycle. Full-time associates should use personal holidays in 8 hour increments. Part-time associates may use personal holidays in 4 hour increments.

Personal Holidays: Regular Status (Full-Time) Associates

	Personal Holiday
January 1 - March 31	32 hours
April 1 - June 30	24 hours
July 1 - September 30	16 hours
October 1 - October 31	8 hours
November 1 - December 31	0 hours

Personal Holidays: Regular Status (Part-Time) Associates

Part-time regular status exempt and nonexempt associates are entitled to the same number of personal holidays as full-time associates, but the paid hours per holiday are adjusted as indicated by the chart below.

	Personal Holiday
January 1 - March 31	16 hours
April 1 - June 30	12 hours
July 1 - September 30	8 hours
October 1 - October 31	4 hours
November 1 - December 31	0 hours